

ENABLING MATERIEL ACQUISITION AND SUPPORT(MA&S)

Defence Procurement through Government-on-Line: A Canadian Vision

“Getting it right”

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AGENDA

- Context
- Materiel Acquisition & Support (MA&S)
Enabling Framework
- MA&S Desktop
- MA&S IM Strategy
- E-procurement Strategy
- Status of DND's e-procurement implementation
- Questions



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MA&S ENABLING FRAMEWORK

**Getting the RIGHT goods or services
at the RIGHT time
for the RIGHT price
ensuring the RIGHT support
applying the RIGHT rules
all with the RIGHT people**



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Procurement Environment

DND Procurement = Government Procurement

Stakeholders

Ministers

Treasury Board Secretariat

Public Works & Government
Services Canada

Socio-Economic Agencies

Parliament & Auditor
General

Suppliers

Prime Focus

➔ National interest

➔ Strategic policy framework, system
wide integrity

➔ Common service agency, contracting
integrity

➔ Leveraging procurement to meet
national and international objectives

➔ Competition, transparency and
compliance

➔ Access, shareholder value - minimize
risk & maximize return



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Procurement Reform - a global challenge

- **Public sector**

- **UK** - The New Charter Program, Smart Procurement, Efficiency in Civil Procurement
- **USA** - Government Wide Acquisition Reform
- **Australia** - Business Process Re-engineering
- **Canada** - Procurement Reform, Getting it Right

- **Private sector “supply chain management”**

- a decade of work to improve purchasing processes
 - viewed as key to risk management and improving shareholder return
- latest innovation “e” marketplace, on-line bidding



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Drivers for Procurement Reform in Canada

- Globalization
- Rapid pace of technological change
- Litigious society
- Increased transparency & public scrutiny
- Government Restructuring
- Expanding socio-economic benefits



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Influences Shaping Procurement Reform

- New partnership & delivery arrangements
- Influence of trade agreements
- Increasing litigation
- Modern Comptrollership
- Government-On-Line and e-commerce



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Government on Line (GOL)

"By 2004, our goal is to be known around the world as the government most connected to its citizens, with Canadians able to access all government information and services on-line at the time and place of their choosing."

Speech from the Throne (12 Oct 99)



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Implications of GOL for DND

- Interact with the Public
- GOC Cluster connections
- Information distribution
- Transactions with business clients

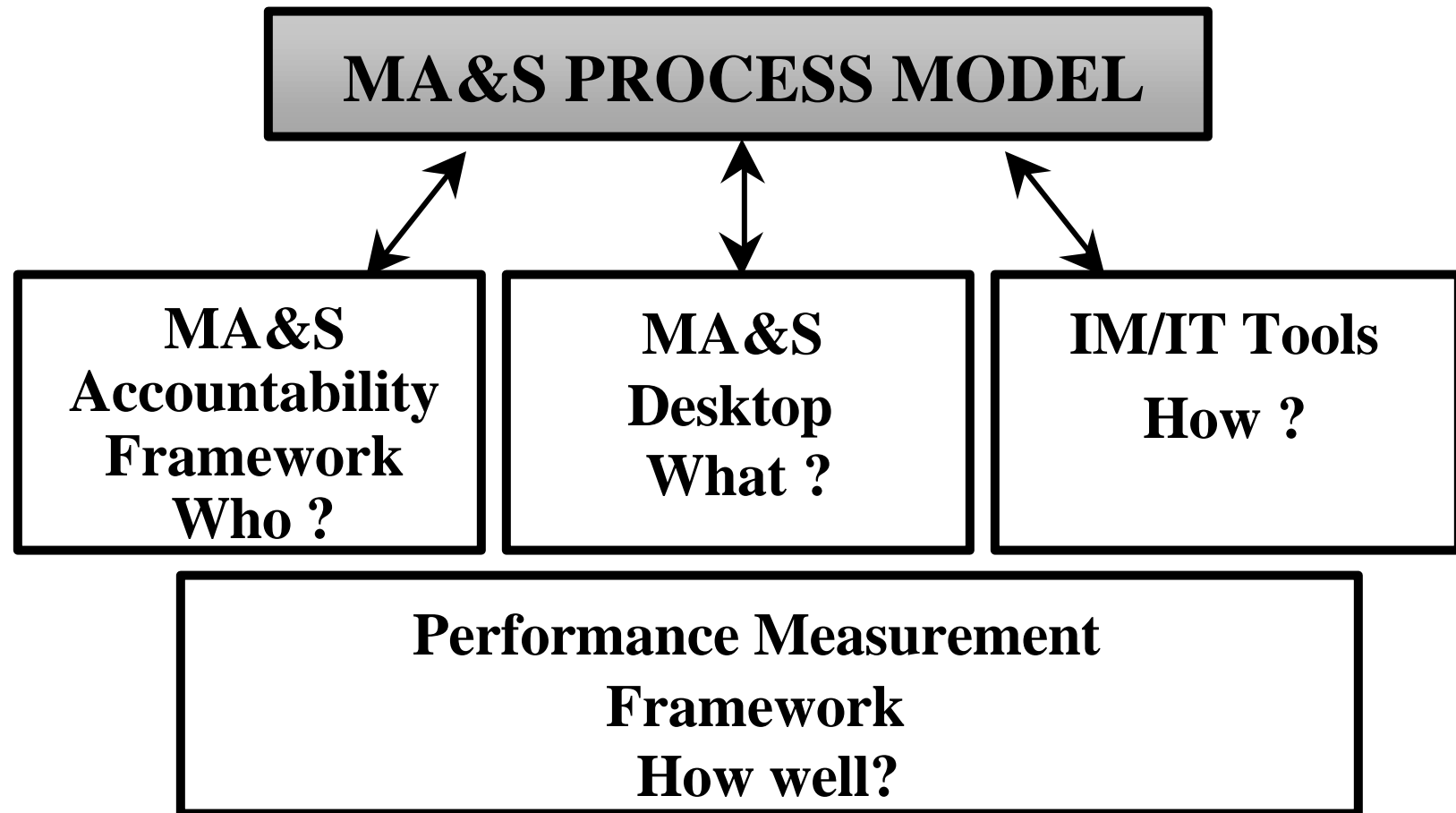
*External connections to
Citizens, Companies, the World*



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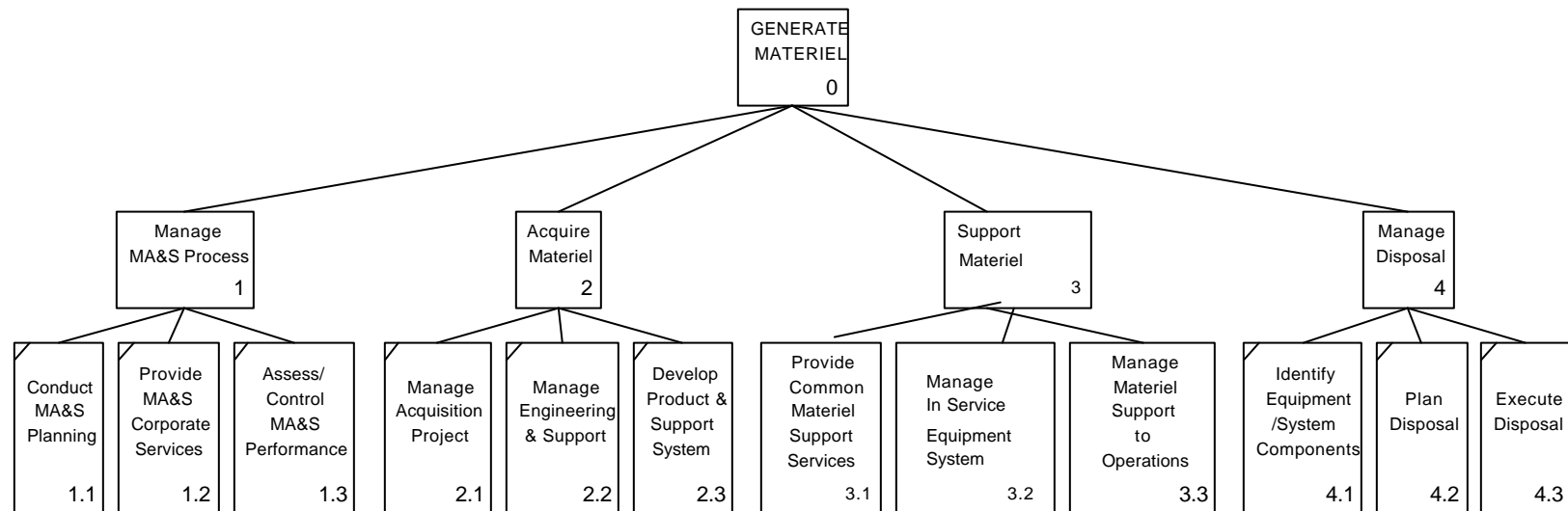
How GIR Framework Is Implemented



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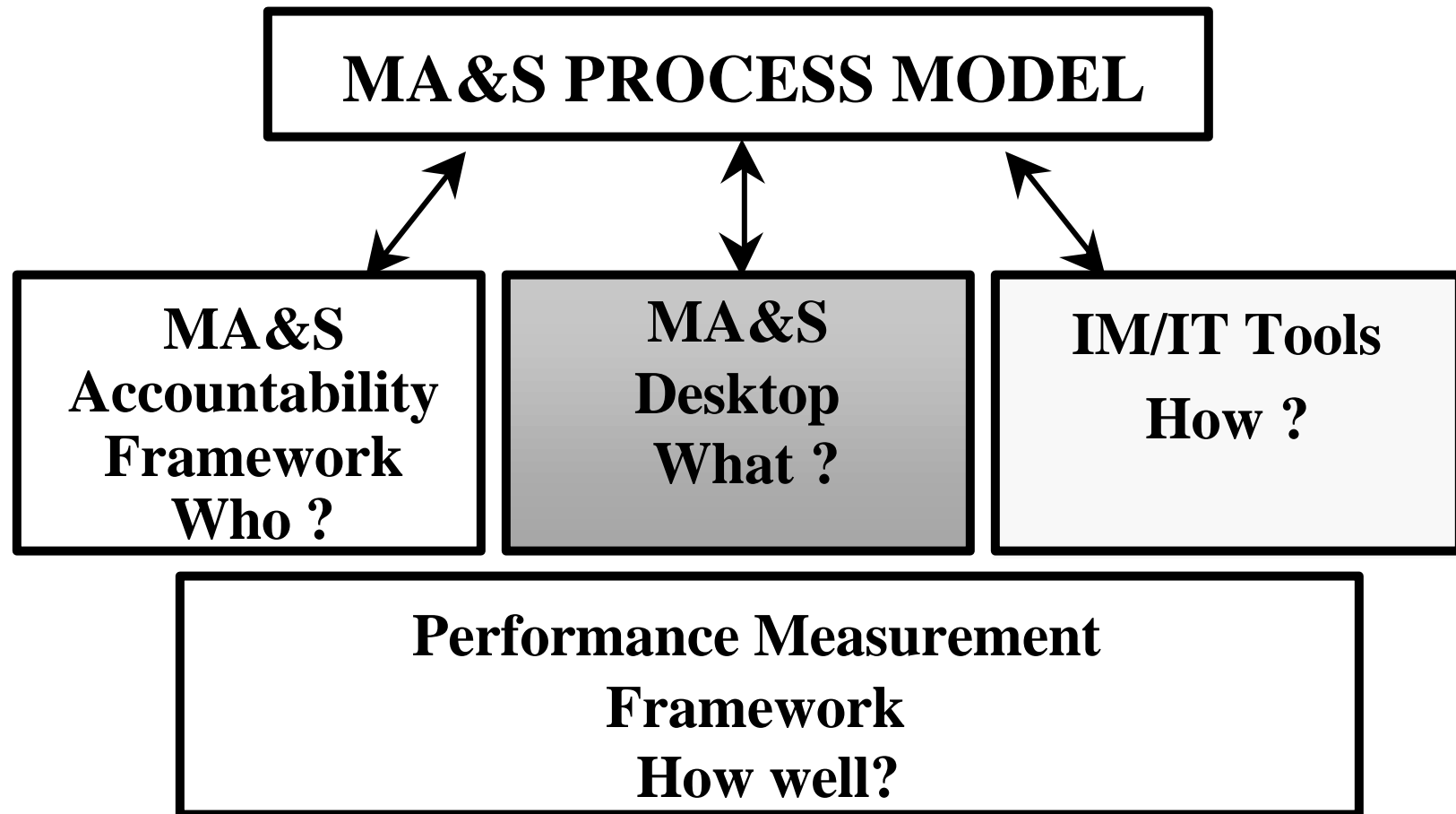
MA&S Process Model



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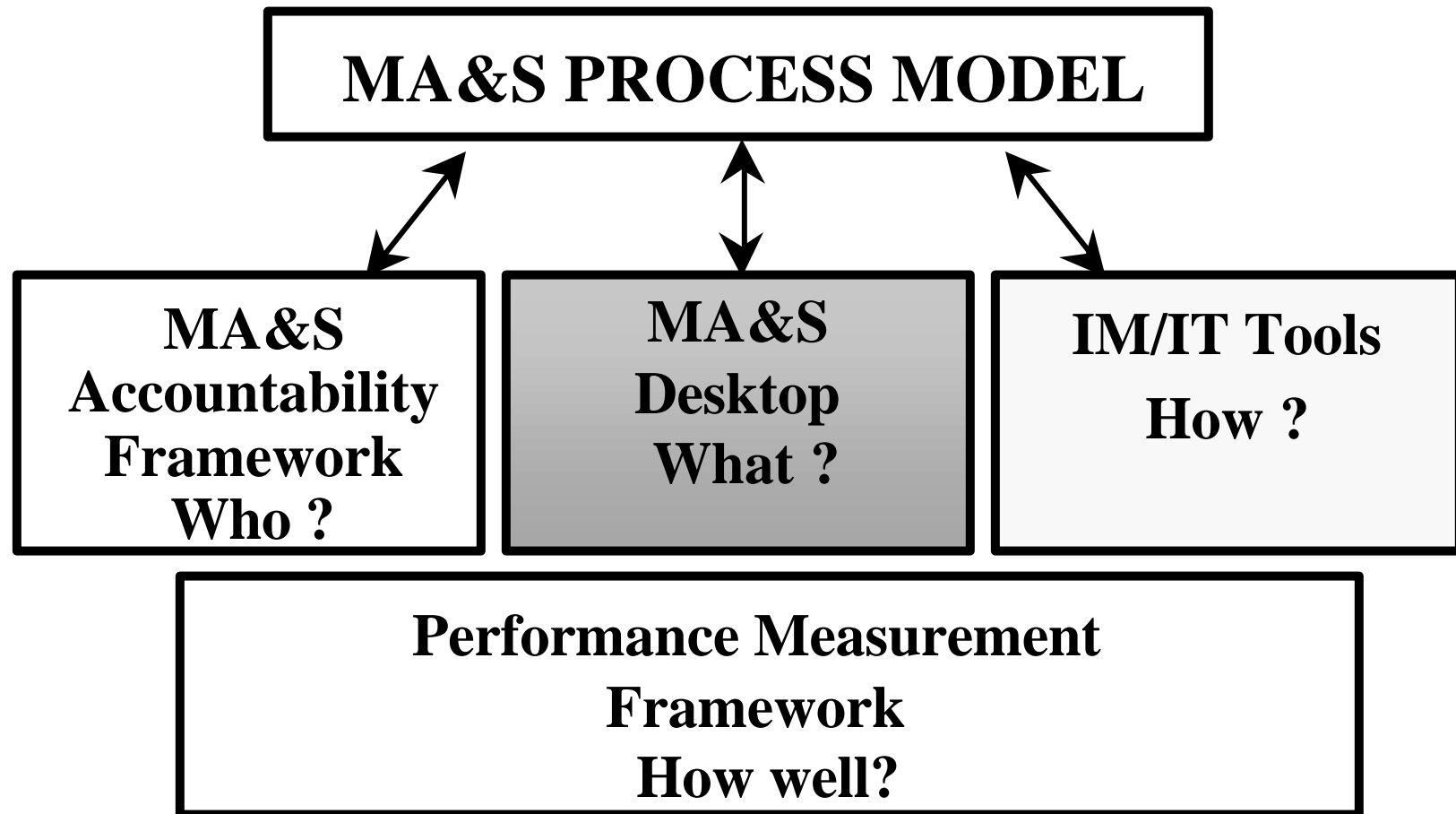
How GIR Framework Is Implemented



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How GIR Framework Is Implemented



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MA&S Desktop

Knowledge management tool/repository

- life cycle view of materiel management
- integrated suite of web pages that describes the many MA&S processes in plain language
- links to:
 - related processes and functions
 - regulations library
 - tools and techniques, templates, best practices, etc.
- initial operating capability Fall 99 (acquisition processes), in-service support under development



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MA&S Desktop Benefits

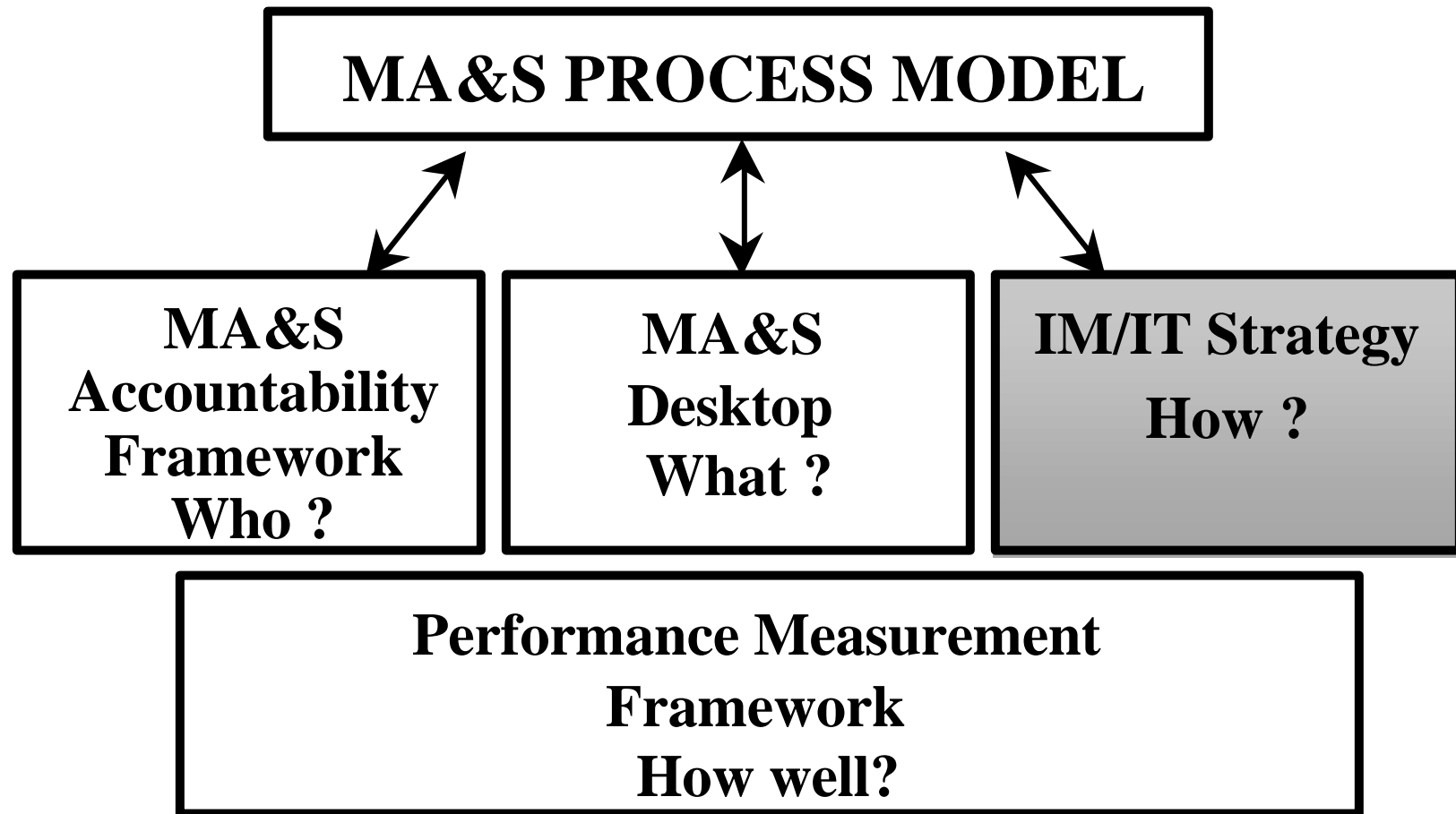
- Single point of access for policy, guidance and support of MA&S processes
- Provide:
 - full text of reference documents
 - insight across the acquisition community
- Promote cultural change
- Generate impetus for reexamination of current regulations
- Contributes to information distribution goal for GOL in DND
- Key learning and e-business strategy for Government Wide Procurement Reform



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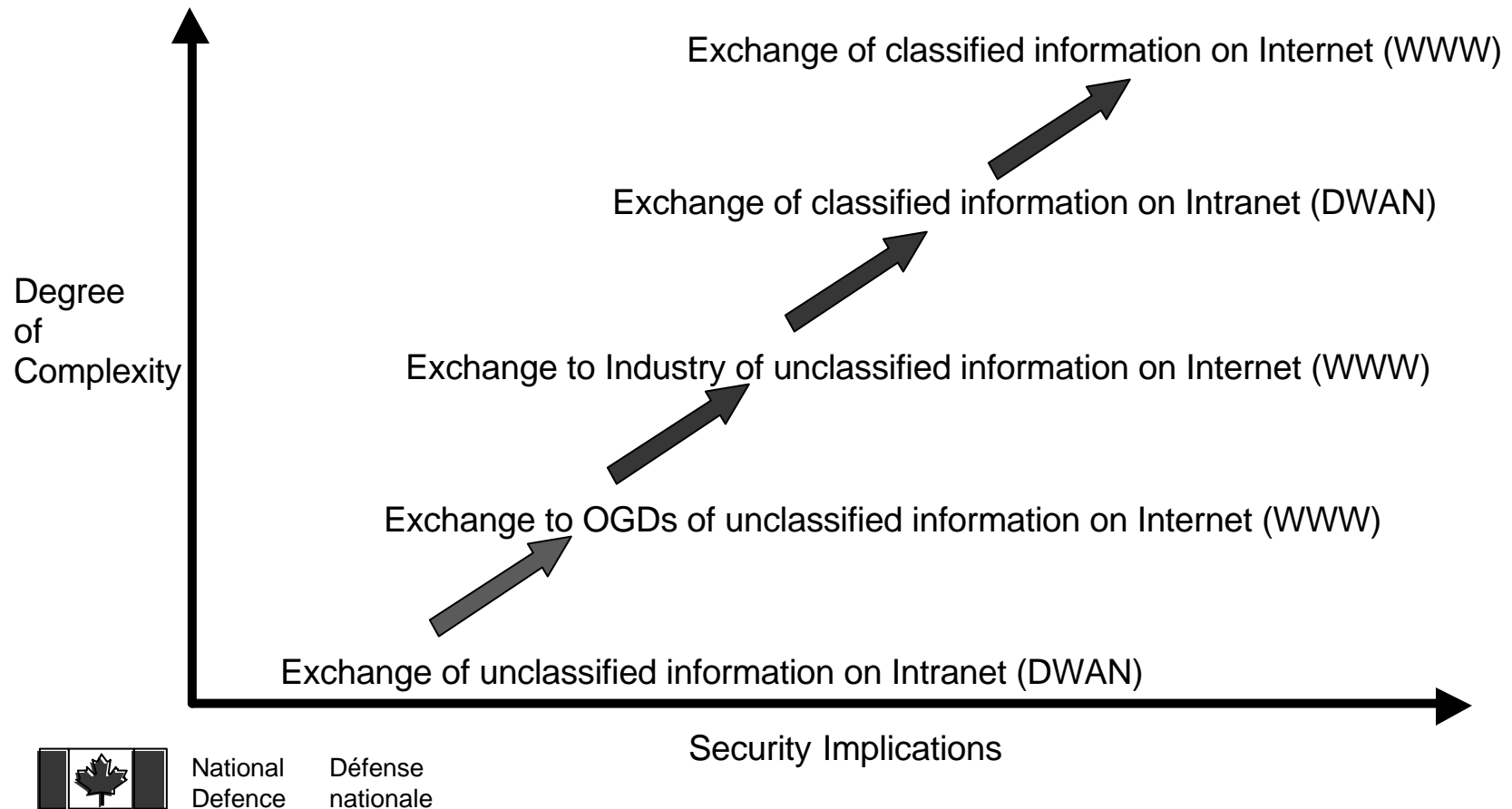
How GIR Framework Is Implemented



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E-Procurement Implementation Process



Two types of Procurement

Low Dollar Value

- distributed buying environment
- majority of transactions less than \$5,000
- repetitive transactions requiring little judgement

Complex Contracting

- centralized buying environment
- capital acquisitions and major services contracts (can be \$B)
- complex contract management requirements



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Low Dollar/High Volume IM Strategy

Today

- acquisition cards with financial data capture
- standing offer call-up
- purchase orders
- PWGSC and DND raised contracts (paper process with some automation)

Target Environment

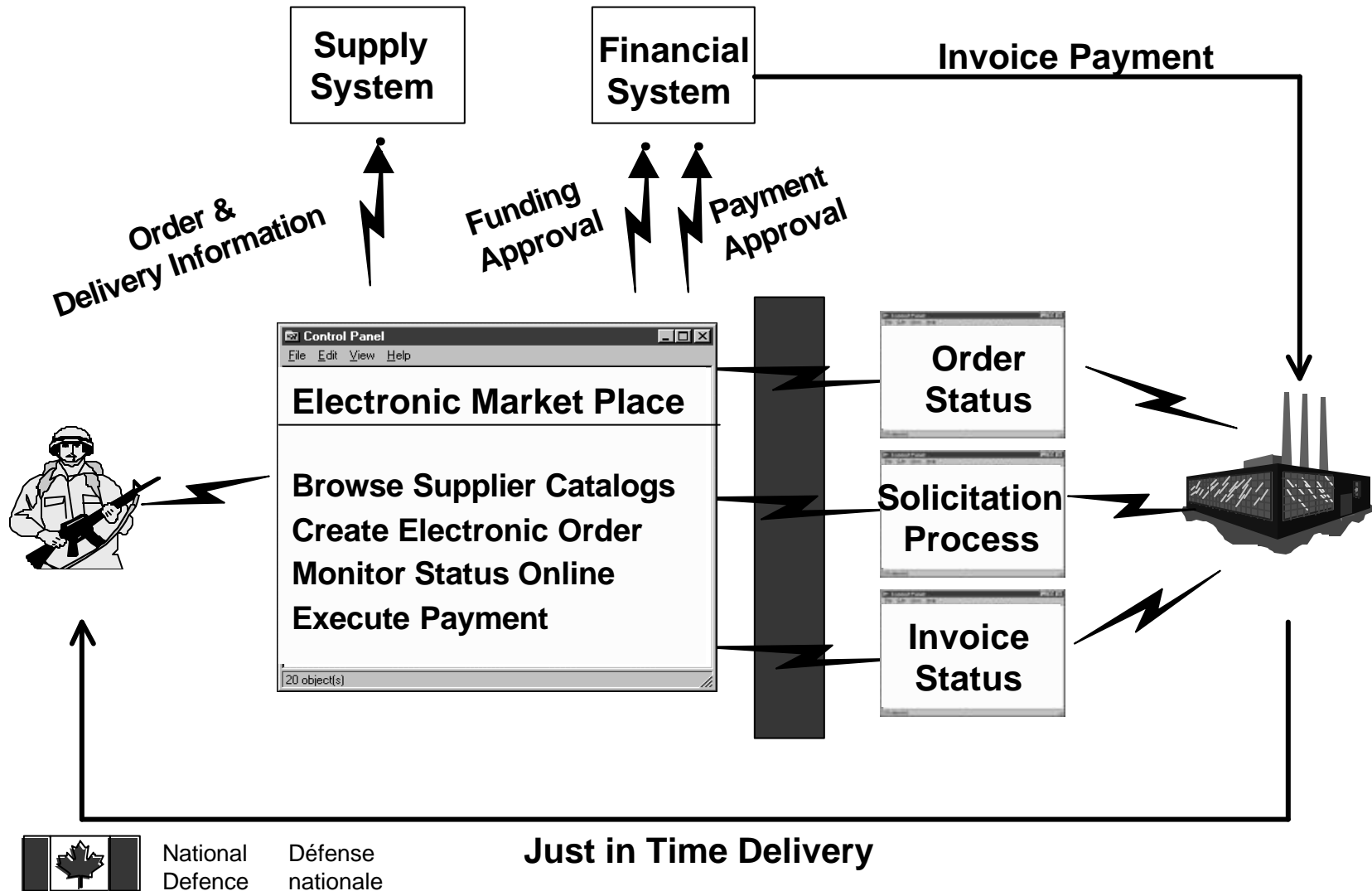
- acquisition cards, with supply management data transfer as well as financial data transfer
- electronic marketplace, on-line catalogues, on-line auction, on-line ordering, on-line receipt notification and automated payment



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Transaction Flow in Target Environment



Complex Contracting IM Strategy

Today

- Paper based contracting process with limited/no connectivity between contracting authority (PWGSC) and DND project authority
- Limited connectivity between suppliers and DND

Target Environment

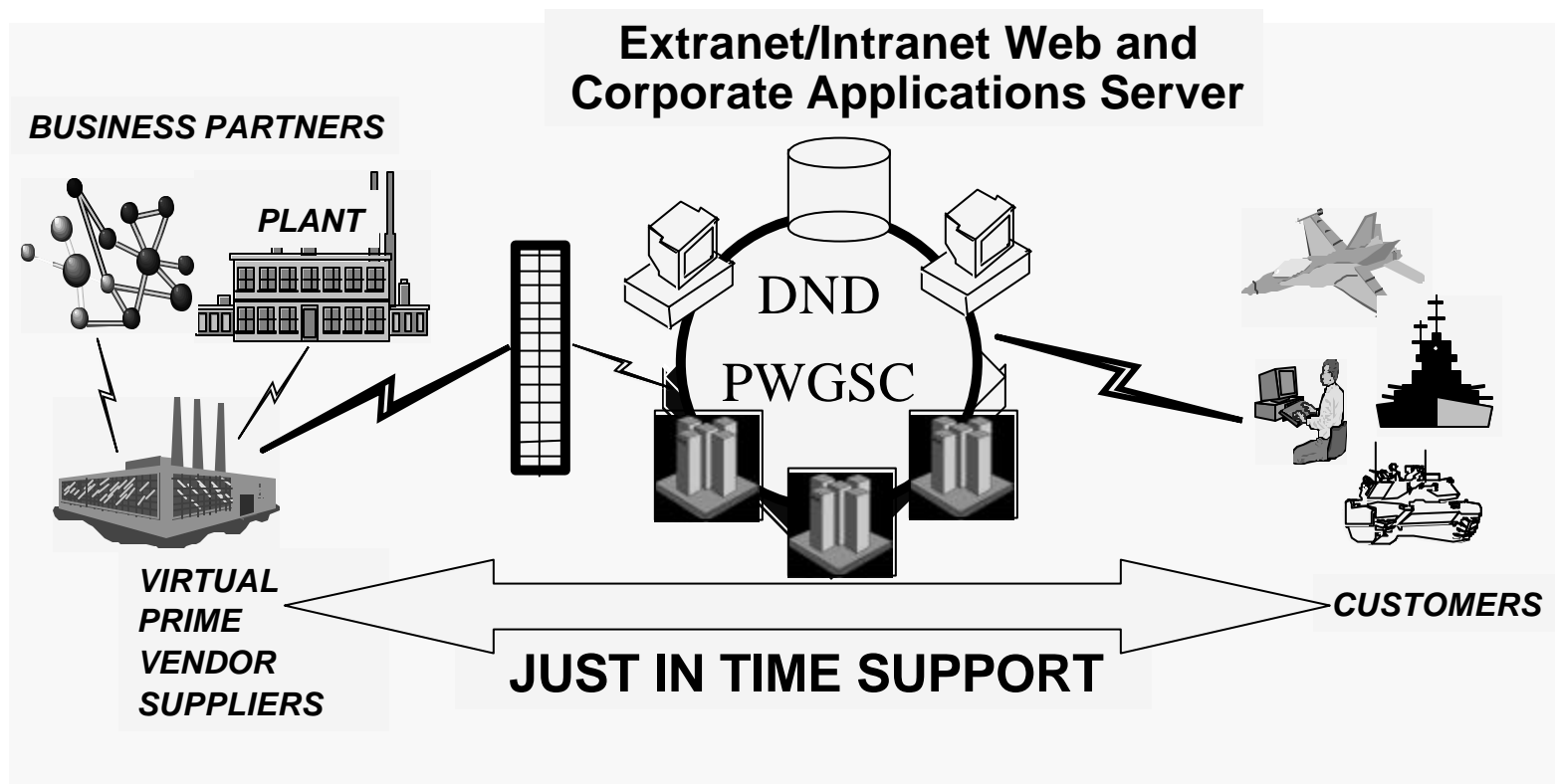
- electronic contracting process supported by connectivity between DND/PWGSC/suppliers



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Complex Contracting Target Environment



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Status of E-Procurement Implementation

- FMS case management functionality 18 Dec 00
- On-line local procurement functionality across DND summer 01
- Complex contract management with initial connectivity to PWGSC at HQ fall 01
- Electronic Market Place--DND pilot fall 01
- Complex contract management with full connectivity to PWGSC/suppliers and digital signatures dependent on departmental security infrastructure



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E-Procurement Challenges

- Change Management
 - development and acceptance of new business processes
 - practitioners must be confident with e-procurement mechanisms (eg on-line financial transactions)
- DND Security architecture
 - public key infrastructure accepted by DND/PWGSC/suppliers
 - incorporation of digital signatures into workflow
- New policies required to support new business practices



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Key Messages

- Government of Canada is committed to become a world leader in electronic commerce
- DND identified a number of e-business initiatives that will facilitate procurement reform
- Good progress is being made to move to an e-procurement environment
- E-procurement is a key stepping stone towards a government of Canada e-Supply Chain



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Questions?



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